



Scrutiny Office

Senator Ian Gorst
Minister for External Relations
Cyril Le Marquand House
The Parade
St. Helier
JE4 8UL

3rd January 2019

Dear Minister

Economic Affairs Scrutiny Panel

“Tax Haven” Blacklist

Firstly, I'd like to wish you a Happy New Year, I trust you enjoyed Christmas and the New Year celebrations. The Panel is very much looking forward to working with you over the coming term and I'm sure there will be much to discuss as you continue your work building and enhancing relations with other jurisdictions.

In that regard, I note the recent announcement that Jersey has been blacklisted as a “tax haven” by the Netherlands Government. Given the recent effort to pass the Economic Substance law, I find this unilateral development quite concerning and so would like to understand how you intend to respond to this move by the Dutch government and whether you think such unilateral moves make our efforts to satisfy Ecofin, and the EU (as a whole), redundant or compromise their effectiveness?

In addition, I'd be grateful if you could advise as to the impact you think this move by the Dutch could have on the island's finance sector. Do you think this move suggests that Jersey should be building stronger relations with the Netherlands, particularly as it is also a significant international finance centre that features in many corporate structures that are devised in Jersey and through which capital flows between the two jurisdictions?

I'd be grateful if you could respond within five working days of the date of this letter.

Yours sincerely

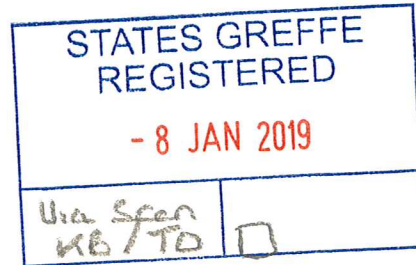
Deputy Kirsten Morel
Chairman
Economic Affairs Scrutiny Panel

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Government
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7th January 2019

Dear Chairman *Hirsten,*

Thank you for your letter of 3rd January 2019. May I also take this opportunity of wishing you a happy and prosperous 2019.

I share your dismay in seeing Jersey feature on a blacklist drawn up by the Government of The Netherlands. Whilst this list features some jurisdictions already subject to European Union blacklisting, Jersey features solely on the basis of our 0% corporation tax. The drafting of this list seemingly ignores objective and qualitative assessment of Jersey's tax compliance and co-operation, including assessment by the OECD Global Forum and the ongoing work of the Code of Conduct Group. I intend to address this matter in early course through the Netherlands Ambassador to the United Kingdom seeking his counsel on further representations that can be made to national government.

I remain convinced that our constructive engagement with the Code of Conduct Group offers the best possible route to shift any lingering perception amongst European Union member states that Jersey indulges or permits aggressive tax avoidance and / or tax evasion. It is important that we continue to meet objective multilateral standards as they arise or are enhanced and the overwhelming approval by the States Assembly for the Taxation (Companies – Economic Substance) (Jersey) Law in December shows a united political commitment to this end.

I expect the impact on Jersey's finance sector to be very limited in nature and I have asked officials to discuss this matter with relevant local firms to validate this early thinking. The Netherlands are noted as a popular structuring hub for corporate flows although these generally tend to be associated with the need to connect into a substantial double tax treaty network.

Yours sincerely

Senator Ian Gorst
Minister for External Relations

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